

# Capital Expenditures by Majority-Owned Foreign Affiliates of U.S. Companies, 1981

**MAJORITY-OWNED** foreign affiliates of U.S. companies plan to increase capital expenditures 13 percent, to \$53.9 billion, in 1981, following a near-record 24-percent increase last year (chart 8 and table 1).<sup>1</sup> The moderate increase in 1981 primarily reflects sharply lower growth in spending by manufacturing affiliates as a result of the slowdown in economic activity abroad. These affiliates plan their smallest spending increase (7 percent) since 1976. The impact of this small increase will be tempered by continued strong spending by petroleum affiliates; their expenditures reflect ongoing efforts to explore for and develop new sources of crude oil in response to rising petroleum prices.

The latest plans for 1981, reported in December, were revised upward from plans reported last June, which showed an 8-percent increase. The largest upward revisions were in petroleum and "other" industries. Revisions in petroleum were widespread geographically, mainly because several large U.S. petroleum companies that have worldwide activities, were unable last June, as in

NOTE.—Earl F. Holmes assisted in the preparation of the estimates.

1. Capital expenditures are expenditures that are made to acquire, add to, or improve property, plant, and equipment, and that are charged to capital accounts. They are on a gross basis; sales and other dispositions of fixed assets are not netted against them. Capital expenditures are reported to BEA in current dollars; they are not adjusted for price changes in host countries or for changes in the value of foreign currencies, because the data needed for such adjustments are unavailable.

A majority-owned foreign affiliate is a foreign business enterprise in which a U.S. company owns, directly or indirectly, at least 50 percent of the voting rights. These data are universe estimates based on BEA's semiannual sample survey. The latest survey, taken in December 1980, covered about 5,000 majority-owned foreign affiliates.

the past, to provide reliable estimates so far in advance of actual expenditures. Revisions in "other" industries were sharpest in the Middle East and "other Asia and Pacific."

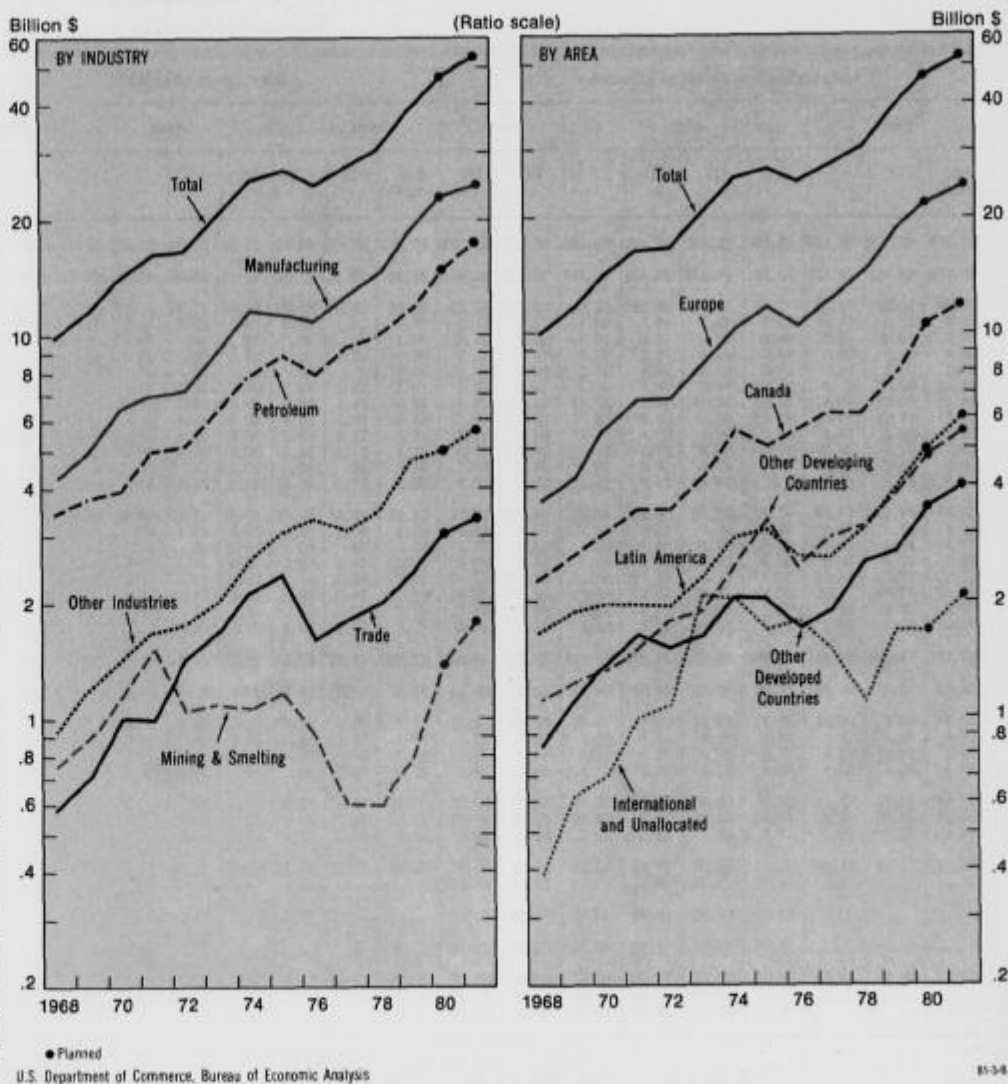
Latest plans for 1980 were virtually unchanged from earlier plans. Declines

in most manufacturing subindustries were offset by modest increases in industries outside manufacturing.

By area, affiliates in developed countries plan a 12-percent increase in spending in 1981, to \$40.2 billion. A 16-percent increase, to \$11.7 billion, is plan-

CHART 8

Capital Expenditures by Majority-Owned Foreign Affiliates of U.S. Companies



ned by affiliates in developing countries. In both areas, percentage increases this year are about one-half of those last year. Affiliates in "international and unallocated"—which are primarily engaged in international shipping—plan to increase spending 20 percent, to \$2.1 billion, following a 4-percent increase.

By industry, petroleum affiliates plan a 24-percent increase, to \$18.7 billion, following a 30-percent increase; mining and smelting affiliates plan a 22-percent increase, following an unusually large increase of 93 percent. A 7-percent increase, to \$24.4 billion, is planned by manufacturing affiliates, following a 22-percent increase. Trade affiliates plan to increase spending 5 percent, following a 29-percent increase. Only affiliates in "other" industries plan an increase larger than last year—9 percent compared with 8 percent.

### Petroleum

Petroleum affiliates plan to increase spending 24 percent, to \$18.7 billion, following a 30-percent increase last year. The increase is widespread among areas, and is particularly large in Canada, the North Sea, and "other Africa," where affiliates are engaged mainly in petroleum extraction.

In developed countries, affiliates plan to increase spending 23 percent, to \$12.5 billion, following a 32-percent increase (tables 2A-C). Canadian affiliates plan to increase spending 21 percent, to \$4.2 billion, after a 43-percent increase; the increase is mainly for continued development of western Canada's tar sands, and for upgrading and expanding refineries to process synthetic crude. The slower increase in spending may partly reflect the host government's policy of "Canadianizing" its oil and gas industry. The pol-

icy, announced last October, calls for increased Canadian ownership of the domestic oil and gas industry, the provision of new incentives to encourage exploration by Canadian-controlled companies, and increased federal energy taxes. Although spending remains strong, a further slowdown in the rate of growth may be evident in BEA's next survey, when more affiliates take into account the implications of the policy for their spending plans.

In the North Sea area, Norwegian affiliates plan to spend \$1.1 billion, a 41-percent increase, up from 10-percent last year. Much of the increase is for developing new offshore gasfields. United Kingdom affiliates plan a 9-percent increase, to \$4.3 billion, down from 30 percent; both increases are mainly for further exploration and development. The slowdown in 1981 may partly reflect the United Kingdom Govern-

Table 1.—Capital Expenditures by Majority-Owned Foreign Affiliates of U.S. Companies, 1975-81

	Percent change from preceding year								Billions of dollars								
	Actual expenditures				Latest plans <sup>1</sup>		Earlier plans <sup>2</sup>		Actual expenditures				Latest plans <sup>1</sup>		Earlier plans <sup>2</sup>		
	1976	1977	1978	1979	1980	1981	1980	1981	1975	1976	1977	1978	1979	1980	1981	1980	1981
Total.....	-8	21	12	25	24	13	24	8	26.6	24.7	27.5	38.7	28.4	47.8	62.9	47.4	61.1
By industry																	
Mining and smelting.....	-21	-23	7	41	93	22	55	33	1.2	.9	.6	.6	.5	1.6	1.9	1.4	1.8
Petroleum.....	-11	19	8	15	30	24	28	19	8.9	7.9	8.3	10.0	11.5	15.0	13.7	14.3	15.7
Manufacturing.....	-4	17	15	29	22	7	24	8	11.3	10.9	12.7	14.6	18.8	22.8	24.4	23.4	24.8
Food products.....	(*)	25	21	20	38	7	38	-4	.7	.7	.9	1.0	1.3	1.7	1.8	1.7	1.7
Paper and allied products.....	-15	19	19	14	49	13	54	15	.7	.6	.7	.8	.9	1.4	1.6	1.5	1.7
Chemicals and allied products.....	10	-11	1	26	6	0	8	8	2.0	2.7	2.4	3.3	2.4	2.6	2.9	3.0	3.9
Rubber products.....	-22	-15	14	-11	-8	4	3	-5	.4	.3	.3	.2	.2	.3	.6	.3	.6
Primary and fabricated metals.....	-1	5	1	16	16	-6	8	-19	.7	.7	.7	.7	.8	.8	.6	.8	.7
Machinery, except electrical.....	-4	26	28	28	8	4	7	13	2.3	3.7	3.6	4.4	5.7	6.2	6.5	6.1	6.9
Electrical machinery.....	-9	22	8	23	13	-3	10	8	.9	.8	1.0	1.1	1.3	1.5	1.4	1.3	1.6
Transportation equipment.....	-4	25	23	48	54	15	81	11	1.4	1.4	1.8	2.2	3.3	5.1	5.9	5.3	5.4
Other.....	-14	19	21	24	17	-1	29	-13	1.3	1.1	1.3	1.8	2.0	2.3	2.3	2.3	2.1
Trade.....	-32	10	18	23	29	8	23	-2	2.4	1.6	1.8	2.8	2.4	3.1	3.3	2.0	2.9
Other.....	9	-8	18	26	8	0	5	-1	2.1	2.3	3.1	3.5	4.7	5.1	5.6	5.0	4.9
By area																	
Developed countries.....	-6	15	14	24	24	12	24	8	19.8	17.8	20.4	23.9	20.0	36.0	40.3	33.0	32.4
Canada.....	11	10	1	23	26	15	37	5	5.9	5.6	6.2	6.2	7.7	10.4	12.8	10.5	11.3
Europe.....	-11	15	17	28	18	11	19	18	11.7	10.6	12.4	15.5	12.3	21.9	24.2	22.1	24.2
European Communities (9).....	-11	21	18	27	19	7	28	7	8.0	8.8	10.7	12.6	16.0	18.0	20.2	18.1	20.5
France.....	-37	22	8	24	21	3	32	1	1.0	1.2	1.5	1.6	2.0	2.4	2.5	2.4	2.5
Germany.....	-9	5	36	30	18	0	84	7	2.1	1.9	2.0	2.7	3.6	4.3	4.6	4.4	4.7
United Kingdom.....	-1	35	20	23	17	7	17	10	2.0	3.0	4.7	5.7	6.9	8.1	8.7	8.1	8.8
Other.....	-9	14	4	34	22	6	21	5	2.3	2.2	2.5	2.6	2.4	4.2	4.4	4.1	4.4
Other.....	-8	6	14	32	13	35	18	20	1.8	1.5	1.7	2.0	2.6	2.9	4.0	3.8	3.7
Japan.....	-18	20	47	15	34	-9	26	-15	.8	.4	.8	1.1	1.3	1.7	1.6	1.6	1.4
Australia, New Zealand, and South Africa.....	-18	9	24	4	37	20	35	34	1.2	1.0	1.1	1.4	1.4	2.0	2.4	1.6	2.4
Developing countries.....	-19	9	18	23	20	14	32	0	0.4	5.1	5.6	6.3	7.8	10.0	11.7	8.4	10.6
Latin America.....	-14	-2	22	22	33	19	24	0	2.1	2.8	2.8	3.1	3.8	5.1	5.0	4.7	5.2
Other Africa.....	-18	28	15	6	34	48	45	31	.7	.6	.7	.8	.9	1.3	1.9	1.8	1.8
Middle East.....	-17	31	-22	-20	-4	-11	-38	-15	1.3	1.1	1.4	1.1	.9	.8	.8	.6	.6
Other Asia and Pacific.....	-25	2	41	79	35	5	32	-7	1.3	.8	.8	1.3	2.1	2.9	3.0	2.8	2.6
International and unallocated.....	5	-17	-20	50	4	20	21	-17	1.7	1.6	1.5	1.1	1.7	1.7	2.1	2.0	1.7

\*Less than 0.5 percent (±).

1. Based on the BEA survey taken in December 1980.

2. Based on the BEA survey taken in June 1980.

ment's plans to conserve more of its oil reserves.

In other areas of Europe, where affiliates are primarily engaged in refining and distribution, some large increases in spending are planned. Netherlands affiliates plan a 122-percent increase,

partly for a plant to convert coal into methane for use as a substitute for natural gas. German affiliates plan a 70-percent increase, primarily for modernizing existing refineries.

After a 50-percent increase in spending, Australian affiliates plan an even

larger increase in 1981 spending; both increases are for refinery upgrading, shale-oil extraction, and gasfield development.

In developing countries, affiliates plan a 26-percent increase in spending, to \$5.2 billion, slightly below the 1980

Table 2A.—Capital Expenditures by Majority-Owned Foreign Affiliates of U.S. Companies in 1979<sup>1</sup>

(Millions of dollars)

	All industries	Mining and smelting	Petroleum	Manufacturing										Trade	Other industries
				Total	Food products	Paper and allied products	Chemicals and allied products	Rubber products	Primary and fabricated metals	Machinery (except electrical)	Electrical machinery	Transportation equipment	Other manufacturing		
All countries.....	28,325	323	11,558	18,330	1,247	949	3,353	249	772	5,658	1,298	3,339	1,368	2,419	4,724
Developed countries.....	25,948	283	7,721	16,039	830	849	2,625	139	629	5,314	1,060	2,798	1,061	2,925	3,531
Canada.....	7,678	334	3,627	3,574	200	476	821	63	300	698	258	743	217	277	1,048
Europe.....	18,558	5	4,789	11,068	573	366	1,425	64	577	4,386	740	1,831	1,253	1,444	1,261
European Communities (9).....	15,040	3	3,041	10,442	500	323	1,374	72	482	4,003	644	1,745	1,207	1,110	474
Belgium and Luxembourg.....	747	0	31	335	24	(*)	267	13	8	28	28	88	21	51	30
France.....	2,008	0	217	1,377	47	41	84	19	48	838	77	84	137	200	110
Germany.....	3,580	0	239	3,070	78	6	254	4	79	1,138	189	384	428	169	22
Italy.....	1,060	(*)	77	873	37	50	65	13	15	476	157	35	28	76	22
Netherlands.....	1,042	0	141	782	177	129	106	2	61	(*)	(*)	70	80	117	22
Denmark.....	238	0	63	35	7	1	3	(*)	(*)	2	11	2	(*)	(*)	(*)
Ireland.....	876	1	39	319	4	0	87	0	1	2	(*)	(*)	201	(*)	(*)
United Kingdom.....	6,645	3	3,039	3,382	129	(*)	514	22	287	1,350	127	(*)	294	392	170
Other.....	2,818	2	549	834	71	23	304	14	34	164	98	78	45	356	787
Norway.....	314	1	883	34	(*)	(*)	1	0	17	(*)	(*)	(*)	3	12	73
Spain.....	573	(*)	39	268	61	6	48	2	12	18	21	71	20	90	204
Sweden.....	238	0	24	185	2	11	28	4	3	128	10	2	1	38	1
Switzerland.....	491	0	7	39	3	(*)	5	(*)	2	8	(*)	3	13	174	271
Other.....	493	1	68	97	5	1	22	2	1	0	40	1	9	63	177
Japan.....	1,285	(*)	242	378	48	15	168	1	4	(*)	(*)	86	137	128	59
Australia, New Zealand, and South Africa.....	1,445	249	252	527	71	19	64	28	8	(*)	(*)	191	55	182	216
Australia.....	1,091	232	246	481	49	18	47	13	5	64	33	145	43	92	172
New Zealand.....	59	2	(*)	17	1	4	3	1	1	(*)	1	4	2	15	(*)
South Africa.....	294	18	(*)	130	23	1	17	7	1	(*)	(*)	33	13	51	(*)
Developing countries.....	7,763	233	3,778	2,730	267	94	725	73	149	345	238	537	247	418	1,139
Latin America.....	3,586	145	793	2,133	234	78	435	67	129	309	125	491	267	285	447
Latin American Republics.....	2,408	108	625	2,109	235	78	421	67	129	309	123	491	265	279	345
Argentina.....	439	(*)	147	132	13	(*)	29	7	5	4	17	27	39	51	(*)
Brazil.....	1,075	7	54	881	65	28	186	27	36	197	30	165	95	80	53
Chile.....	69	(*)	4	12	1	(*)	2	2	2	0	(*)	4	1	2	(*)
Colombia.....	159	1	54	97	12	10	33	6	4	17	3	12	12	6	1
Mexico.....	625	4	1	506	78	33	80	13	37	57	11	135	24	72	41
Panama.....	32	3	4	10	4	0	1	0	0	0	0	0	0	2	14
Peru.....	379	20	205	6	(*)	0	3	1	(*)	(*)	(*)	(*)	(*)	25	25
Venezuela.....	540	0	23	400	33	1	75	0	30	3	7	188	55	55	55
Other Central America.....	135	14	48	47	20	10	6	2	2	(*)	4	0	3	30	30
Other Latin America.....	38	11	30	15	8	(*)	4	0	1	(*)	1	0	3	7	18
Other Western Hemisphere.....	240	37	159	73	1	(*)	13	(*)	(*)	1	0	0	0	10	102
Bahamas.....	145	3	46	(*)	0	(*)	(*)	0	0	0	0	0	0	(*)	35
Bermuda.....	4	0	0	1	1	(*)	(*)	0	0	0	0	0	0	1	(*)
Jamaica.....	26	0	(*)	15	(*)	(*)	11	(*)	(*)	1	1	0	0	2	(*)
Other and unallocated.....	165	25	120	0	(*)	(*)	2	0	(*)	0	0	0	(*)	0	7
Other Africa.....	881	7	830	41	(*)	0	11	3	10	(*)	(*)	(*)	7	15	36
Liberia.....	34	3	1	(*)	0	0	0	0	0	0	0	0	0	0	30
Libya.....	140	0	129	0	0	0	0	0	0	0	0	0	0	0	0
Nigeria.....	165	1	145	11	(*)	0	3	0	1	0	1	0	1	4	1
Other and unallocated.....	582	3	542	20	(*)	0	8	3	9	(*)	(*)	(*)	1	13	8
Middle East.....	886	(*)	684	38	(*)	1	23	1	(*)	3	(*)	1	0	24	207
Iran.....	10	(*)	4	4	(*)	0	1	1	0	3	(*)	0	0	(*)	1
Other and unallocated.....	876	(*)	682	24	(*)	1	22	0	(*)	1	(*)	1	0	34	206
Other Asia and Pacific.....	2,798	31	946	590	107	12	286	8	33	33	33	46	23	74	449
India.....	23	0	1	(*)	0	0	11	3	1	(*)	2	1	0	0	(*)
Indonesia.....	431	53	385	17	(*)	(*)	(*)	3	(*)	(*)	(*)	(*)	(*)	(*)	23
Korea.....	839	0	101	(*)	1	(*)	(*)	0	0	2	6	3	3	4	4
Philippines.....	259	0	74	165	95	(*)	16	2	8	1	(*)	(*)	11	52	12
Other and unallocated.....	1,077	28	487	158	10	3	(*)	1	4	29	37	(*)	11	392	392
International and unallocated.....	1,643		674											9	394

<sup>1</sup> Less than \$500,000.  
1. See footnote 1, Table 1.

D Suppressed to avoid disclosure of data of individual reporters.

rate of increase. The increase is mainly for development of recently discovered oilfields by affiliates in "other Africa"—particularly in Nigeria, the Ivory Coast, and Cameroon. In Latin America, large increases are planned by affiliates in Colombia and Argentina. In Colombia, the increases are for mining

coal deposits, as petroleum affiliates seek to exploit alternative energy sources. In Argentina, the increases are for new drilling equipment and refinery modernization. Affiliates in Indonesia, Malaysia, and Thailand account for nearly all of the rise in spending plans in "other Asia and Pacific." The rise

partly reflects the host governments' approval of further development of proven oil and gas fields.

In contrast to these increases, affiliates in some developing countries plan large spending declines. The largest decline is expected in "other" Middle East; it reflects a change in the nature

Table 2B.—Capital Expenditures by Majority-Owned Foreign Affiliates of U.S. Companies in 1980<sup>1</sup>

(Millions of dollars)

	All Industries	Mining and smelting	Petroleum	Manufacturing										Trade	Other Industries
				Total	Food products	Paper and allied products	Chemicals and allied products	Rubber products	Primary and fabricated metals	Machinery (except electrical)	Electrical machinery	Transportation equipment	Other manufacturing		
All countries.....	47,785	1,693	15,548	22,898	1,722	1,419	4,934	245	892	8,187	1,483	5,120	2,287	4,169	5,701
Developed countries.....	38,000	1,375	10,187	19,491	1,396	1,361	3,862	170	723	5,788	1,263	4,287	2,916	3,545	4,696
Canada.....	18,139	697	5,444	4,873	354	938	789	48	128	767	238	1,513	247	389	1,307
Europe.....	21,865	13	5,011	12,784	642	307	1,531	79	898	4,407	354	2,492	1,521	1,972	1,176
European Communities (8).....	16,818	6	4,672	11,668	787	326	1,616	71	647	4,209	720	2,147	1,484	1,438	550
Belgium and Luxembourg.....	381	0	68	791	43	(D)	199	(D)	6	253	41	219	32	87	23
France.....	3,484	0	210	1,895	47	68	109	16	68	538	103	150	157	298	157
Germany.....	2,163	0	266	1,649	110	(D)	945	(D)	105	1,184	173	1,087	577	236	37
Italy.....	1,499	(*)	181	1,159	53	72	97	(D)	19	685	174	(D)	48	87	31
Netherlands.....	1,806	0	214	679	298	19	137	2	67	141	44	75	151	107	58
Denmark.....	242	0	117	24	7	1	4	(*)	1	2	(D)	(D)	(*)	(D)	(D)
Ireland.....	254	0	16	225	17	6	84	0	1	2	(D)	(D)	76	(D)	(D)
United Kingdom.....	8,110	4	4,987	2,687	204	73	671	20	291	1,302	108	606	415	443	149
Other.....	2,946	7	340	885	74	31	184	8	44	348	138	255	57	484	523
Norway.....	958	0	760	70	(*)	3	1	0	80	(*)	(D)	(D)	(D)	3	54
Spain.....	381	(*)	72	580	58	3	92	1	(D)	19	39	103	(D)	136	212
Sweden.....	241	0	86	188	8	14	36	1	1	108	10	2	1	24	(*)
Switzerland.....	461	0	(D)	47	2	7	4	(*)	2	8	(D)	(D)	(D)	217	(*)
Other.....	516	1	(D)	287	6	4	45	4	(D)	13	61	(D)	(D)	79	(D)
Japan.....	1,719	(*)	289	1,165	45	31	230	2	3	576	74	94	190	389	66
Australia, New Zealand, and South Africa.....	1,986	473	414	698	18	35	31	21	19	74	36	268	69	397	138
Australia.....	1,835	449	308	496	45	29	58	12	7	65	36	(D)	(D)	95	194
New Zealand.....	66	1	(D)	21	2	3	3	1	1	(*)	1	(D)	(D)	15	(D)
South Africa.....	384	29	(D)	181	45	1	26	8	2	9	5	(D)	(D)	81	(D)
Developing countries.....	10,835	518	4,984	5,463	616	183	683	76	168	424	261	569	271	473	1,457
Latin America.....	5,041	284	1,934	2,694	392	119	597	66	151	383	131	316	223	326	546
Latin American Republics.....	4,544	222	1,694	2,373	331	119	483	28	130	381	126	285	220	325	476
Argentina.....	647	(D)	304	233	15	(*)	89	8	10	2	13	71	41	72	(D)
Brazil.....	1,852	(D)	72	970	66	25	181	20	29	221	70	338	75	138	(D)
Chile.....	128	(D)	2	20	(*)	3	2	1	7	0	(*)	1	(*)	19	(D)
Colombia.....	265	1	86	167	22	22	43	(D)	54	28	(*)	(D)	19	15	1
Costa Rica.....	1,122	0	6	123	123	50	108	21	0	128	37	485	40	115	55
Ecuador.....	43	0	5	8	5	8	(*)	0	0	8	0	2	1	3	25
El Salvador.....	305	68	208	10	(*)	2	128	(*)	16	(*)	(*)	(D)	(D)	40	25
Venezuela.....	427	0	15	263	22	2	128	4	2	0	0	(D)	(D)	4	25
Other Central America.....	127	18	32	35	14	5	8	1	2	0	0	0	0	3	25
Other Latin America.....	119	18	89	22	11	(*)	9	0	1	(*)	2	0	0	7	31
Other Western Hemisphere.....	517	65	338	26	2	(*)	14	(*)	1	1	8	0	0	13	78
Bahamas.....	204	(D)	181	(D)	0	0	(D)	0	0	0	0	0	(*)	(*)	58
Bermuda.....	8	0	2	1	1	0	(D)	0	0	0	0	0	0	1	(D)
Jamaica.....	23	(D)	(*)	(D)	1	0	(D)	0	0	0	1	0	0	3	(D)
Other and unallocated.....	289	42	205	0	(*)	(*)	1	0	1	0	4	0	(*)	6	3
Other Africa.....	1,352	8	1,110	(D)	5	0	(D)	1	13	(*)	7	1	7	24	(D)
Liberia.....	43	3	1	(*)	0	0	0	(*)	0	0	0	0	0	1	48
Nigeria.....	113	0	111	(D)	0	0	0	0	0	0	0	0	0	1	0
Nigeria.....	225	(*)	192	(D)	5	0	(D)	0	2	0	1	0	0	3	(D)
Other and unallocated.....	970	0	806	35	0	0	9	1	12	(*)	6	1	1	25	4
Middle East.....	849	(*)	478	(D)	1	1	(D)	1	(*)	2	1	2	0	88	(D)
Iran.....	6	0	3	(*)	0	0	1	1	0	1	(*)	0	0	(*)	(D)
Other and unallocated.....	843	(*)	475	(D)	1	1	(D)	0	(*)	1	1	2	0	60	(D)
Other Asia and Pacific.....	2,338	121	2,464	589	258	23	31	17	24	48	131	14	81	100	419
India.....	43	0	1	24	0	0	19	1	2	(D)	(D)	1	0	8	(*)
Indonesia.....	654	66	608	23	(*)	(D)	1	7	(*)	(D)	(D)	0	8	1	25
Korea.....	238	0	171	44	(D)	1	19	0	0	(D)	(D)	(*)	6	(D)	(D)
Philippines.....	322	0	64	248	192	2	11	0	0	1	81	3	14	79	566
Other and unallocated.....	1,419	28	738	211	(D)	(D)	23	3	12	32	81	0	14	0	0
International and unallocated.....	1,734	—	785	—	—	—	—	—	—	—	—	—	—	0	284

<sup>1</sup> Less than \$100,000.<sup>2</sup> Suppressed to avoid disclosure of data of individual reporters.

1. See footnote 1, table 1.

and status of the operations of a Middle East branch of a U.S.-incorporated petroleum company, which resulted in a change in accounting for the branch as reported to BEA by the U.S. company. In Korea, a sharp decline in ex-

penditures reflects completion last year of a major refinery expansion.

In "international and unallocated," affiliates plan to step up expenditures 32 percent, to \$1.0 billion, about twice the 1980 rate of increase. The step-up,

for purchases of new and used tankers, is possibly in response to a rise in tanker rates during 1980.

#### Manufacturing

Manufacturing affiliates plan to increase spending 7 percent, to \$24.4 bil-

Table 2C.—Capital Expenditures by Majority-Owned Foreign Affiliates of U.S. Companies in 1981<sup>1</sup>

(Millions of dollars)

	All industries	Mining and smelting	Petroleum	Manufacturing										Trade	Other industries
				Total	Food products	Paper and allied products	Chemicals and allied products	Rubber products	Primary and fabricated metals	Machinery (except electrical)	Electrical machinery	Transportation equipment	Other manufacturing		
All countries.....	63,349	1,348	22,051	24,444	1,942	1,854	3,587	256	634	5,454	1,414	5,983	2,264	3,294	5,577
Developed countries.....	46,847	1,281	15,463	20,940	1,237	1,446	2,185	173	439	4,491	1,147	5,189	1,940	2,639	2,835
Canada.....	11,991	678	4,799	5,538	228	1,345	387	22	111	444	284	1,648	255	339	1,246
Europe.....	24,289	12	7,343	13,535	553	268	1,334	78	495	4,558	886	2,554	1,442	1,847	1,379
European Communities (9).....	20,394	3	4,877	12,625	778	227	1,748	70	479	4,391	714	2,244	1,355	1,446	511
Belgium and Luxembourg.....	831	0	56	1,006	21	(D)	245	(D)	9	590	(D)	(D)	33	11	(D)
France.....	2,500	0	(D)	1,448	73	(D)	195	12	82	645	30	127	144	423	(D)
Germany.....	3,543	0	147	2,733	105	(D)	253	(D)	125	1,185	(D)	(D)	486	158	(D)
Italy.....	1,527	(*)	0	1,527	87	(D)	181	12	24	700	129	24	73	157	35
Netherlands.....	1,006	0	477	508	224	1	214	5	28	150	63	25	136	179	33
Denmark.....	270	0	125	28	11	1	34	(*)	1	9	7	2	(*)	15	(D)
Ireland.....	217	(*)	0	143	17	0	0	0	0	0	0	0	0	0	0
United Kingdom.....	8,711	3	4,327	2,705	225	78	877	24	182	1,308	158	572	478	445	177
Other.....	4,016	0	1,288	1,578	88	31	188	8	54	107	80	280	57	448	582
Norway.....	1,222	0	1,074	73	(*)	(D)	111	1	11	(*)	(D)	204	(D)	68	108
Spain.....	1,209	(*)	0	948	14	10	42	(*)	2	187	10	0	(D)	41	(D)
Sweden.....	1,207	0	11	44	4	7	37	6	3	19	25	137	28	59	237
Switzerland.....	642	0	119	281	2	4	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)	177
Other.....	678	1	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)
Japan.....	1,548	(*)	(D)	1,157	80	(D)	141	3	(D)	542	22	74	168	196	(D)
Australia, New Zealand, and South Africa.....	2,558	646	(D)	558	72	(D)	224	12	(D)	47	45	219	180	214	(D)
Australia.....	1,041	280	587	457	41	(D)	84	7	(D)	37	39	(D)	53	91	(D)
New Zealand.....	55	1	(D)	31	2	2	8	1	(D)	1	1	(D)	8	13	(D)
South Africa.....	342	26	(D)	141	30	1	30	4	(D)	18	5	(D)	24	164	(D)
Developing countries.....	16,502	667	4,158	2,504	695	145	702	82	304	436	267	796	383	484	1,674
Latin America.....	4,041	535	1,427	2,808	482	185	422	62	122	446	161	764	279	484	885
Latin American Republics.....	3,400	487	1,043	2,462	451	187	427	62	121	404	153	784	268	478	778
Argentina.....	289	(D)	328	221	26	(*)	84	3	13	3	(D)	58	(D)	21	(D)
Brazil.....	1,554	269	(D)	928	78	40	124	30	20	228	38	525	70	241	218
Chile.....	117	(D)	13	13	1	1	3	1	1	6	(D)	2	2	1	(D)
Colombia.....	478	2	291	168	25	28	30	2	2	23	(D)	(D)	14	(D)	(D)
Mexico.....	1,543	3	1,493	247	58	(D)	104	28	63	138	33	347	78	138	287
Panama.....	51	1	5	6	2	0	0	0	0	0	0	0	0	0	0
Paraguay.....	491	74	267	11	2	0	6	1	1	1	1	0	0	0	0
Venezuela.....	444	0	10	301	28	2	127	5	2	3	30	0	0	0	0
Other Central America.....	154	25	85	41	12	7	10	1	3	(*)	3	0	0	0	0
Other Latin America.....	129	24	(D)	28	8	(*)	6	0	4	(*)	3	0	14	(D)	0
Other Western Hemisphere.....	681	80	284	28	1	(*)	15	(*)	1	1	8	0	0	3	10
Bahamas.....	288	2	232	0	0	0	0	0	0	0	0	0	0	0	0
Bermuda.....	3	0	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)
Jamaica.....	28	80	(D)	15	0	0	18	(D)	0	0	0	0	0	0	0
Other and unallocated.....	233	70	141	9	(D)	(D)	3	0	1	0	0	0	(*)	5	0
Other Africa.....	1,350	11	1,781	(D)	6	9	(D)	1	18	(*)	8	5	5	28	(D)
Liberia.....	45	3	(*)	0	0	0	0	(D)	0	0	0	0	0	0	1
Libya.....	191	0	260	0	0	0	0	0	0	0	0	0	0	0	1
Nigeria.....	318	(*)	287	(D)	(D)	0	(D)	0	0	0	1	0	0	0	0
Other and unallocated.....	1,394	7	1,213	15	0	0	9	1	18	(*)	7	5	1	23	(D)
Middle East.....	784	(*)	322	(D)	1	(*)	(D)	(D)	(D)	1	7	2	0	67	(D)
Iran.....	4	0	3	1	(*)	0	(D)	(D)	0	(*)	1	0	0	0	(D)
Other and unallocated.....	782	(*)	322	(D)	1	(*)	(D)	0	(D)	1	7	2	0	67	(D)
Other Asia and Pacific.....	2,633	54	1,831	498	146	88	118	18	18	22	34	22	27	138	48
India.....	38	0	1	30	0	0	7	2	2	0	0	0	0	0	0
Indonesia.....	249	42	178	13	(*)	(D)	1	2	2	(*)	2	0	0	0	0
Korea.....	116	0	41	23	4	(D)	14	0	0	0	2	1	0	0	0
Philippines.....	267	0	62	238	133	(D)	14	7	0	1	0	0	0	0	0
Other and unallocated.....	1,254	0	216	270	8	0	82	2	2	28	68	13	16	08	08
International and unallocated.....	2,462	0	1,014	0	0	0	0	0	0	0	0	0	0	0	1,08

\* Less than \$500,000.

(D) Suppressed to avoid disclosure of data of individual reporters.

1. See footnote 1, table 1.

lion, following a 22-percent increase in 1980. Declines or smaller increases are expected in all manufacturing subindustries except chemicals and rubber products.

Over one-half of the total dollar increase is accounted for by affiliates in transportation equipment; these affiliates' spending is expected to increase 15 percent, to \$5.9 billion, following a 54-percent increase in 1980. Last year's increase, historically one of the industry's largest, was mainly to finance a program to construct assembly and parts production facilities for the "world car." The 1981 increase will continue this program.

Chemical affiliates plan a 9-percent increase, to \$3.9 billion, following a 6-percent increase. In paper and allied products, affiliates plan a 13-percent increase; a 49-percent increase in 1980 financed the expansion of production facilities. Nonelectrical machinery affiliates plan to increase spending 4 percent, following a 9-percent increase. Slight cuts in spending are expected in primary and fabricated metals, electrical machinery, and "other" manufacturing.

In developed countries, affiliates plan a 7-percent increase, to \$20.9 billion, compared with 22 percent in 1980. The increase is centered in Canada and in Europe, particularly "other Europe," the United Kingdom, and Germany.

Canadian affiliates plan to increase spending 13 percent, to \$5.5 billion, fol-

lowing a 36-percent increase. Much of the increase is in chemicals, partly reflecting the startup and expansion of petrochemical facilities. In paper and allied products, large increases are planned, mainly for modernizing facilities to boost capacity.

In Europe, United Kingdom affiliates plan to increase spending 6 percent, to \$3.8 billion, about the same rate of increase as last year. Nonelectrical machinery affiliates account for nearly all of the increase, which is partly offset by a sizable decline in primary and fabricated metals due to completion of a new plant in 1980. In Germany, affiliates plan to increase spending 5 percent, to \$3.7 billion, after a 16-percent increase last year. Transportation equipment affiliates account for most of the increase, which is mainly for modifying assembly lines and for constructing a plastics plant to fabricate parts for fuel-efficient vehicles. Affiliates in "other Europe" plan to step up spending 68 percent, following a 50-percent increase. Virtually all of the increase is accounted for by transportation equipment affiliates in Spain and Austria, and is for constructing assembly plants and parts production facilities for subcompact cars.

In developing countries, affiliates plan to increase spending 3 percent, to \$3.5 billion, compared with 22 percent in 1980. By far the largest increase is in Mexico, where food affiliates with beverage operations plan to expand bottling facilities. The increase in Mexico is partly offset by a 24-percent decline

in the Philippines, where food affiliates made large expenditures for new bottling facilities in 1980.

#### *Mining and smelting, trade, and other industries*

Mining and smelting affiliates plan to increase spending to \$1.9 billion, up 22 percent, following a near doubling of expenditures last year. The increase is mainly in Brazil and Australia. In Brazil, affiliates, attracted by relatively inexpensive hydroelectric power and by large bauxite reserves, are constructing a refinery and smelter; in Australia, affiliates are stepping up expenditures on antipollution equipment, in addition to bauxite refinery expansion.

Trade affiliates plan a 5-percent increase in spending, to \$3.3 billion, after a 29-percent increase. Although small increases are planned in many countries, most of the increase is centered in Brazil, where affiliates are expanding warehouse capacity to accommodate stepped-up production of parts for photographic equipment.

Affiliates in "other" industries—agriculture, public utilities, transportation, construction, and finance and other services—plan to increase spending 9 percent, to \$5.6 billion, about the same rate of increase as last year. Large increases are planned by affiliates in "international and unallocated," for the purchase of new and used bulk ore carriers, and by Australian affiliates, for the acquisition of new headquarters.